

JAMES P. BARTLETT

LAW OFFICES OF  
**JAMES P. BARTLETT**  
PARAGON PLAZA  
5333 NORTH SEVENTH STREET, SUITE B-215  
PHOENIX, ARIZONA 85014

US DEPT OF ENERGY  
WESTERN AREA POWER AD  
DESERT SOUTHWEST REGION  
TEL (602) 266-9057  
FAX (602) 266-9057  
2004 FEB 12 AM 11:41  
J.P.Bartlett@epil.com

February 10, 2004

Mr. J. Tyler Carlson, Regional Manager  
Western Area Power Administration  
Desert Southwest Customer Service Region  
P. O. Box 6457  
Phoenix, Arizona 85005-6457

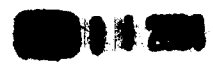
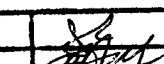
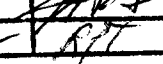

Re: Transfer of Interest Provision

Dear Tyler:

I very much appreciate your call on February 5, 2004 to discuss my concern about the transfer of interest provision that is being discussed by Western for possible inclusion in the general power contract provisions ("GPCPs"). Your call came about as a result of comments I made at the recent CREDA Board meeting in Salt Lake City. Ron Moulton was present at that meeting and replied to inquiries made by George Caan of CRC, relative to the inclusion of such a provision in the amendment to the Parker-Davis firm electric service contracts.

Because I shared some of George's concerns in the event a similar provision finds its way into the GPCPs, I expressed my view that this type of language might imperil the issuance of revenue bonds in conjunction with future projects that might be considered by the Arizona Power Authority.

I believe Ron may have misinterpreted my remarks, thinking that I was referring to the Authority's existing Hoover uprating bonds, but that was certainly not my intent - that bond issuance and all supporting documents and contracts stand on their own and would not be affected by the transfer of interest language that is now being considered by Western.

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During our February 5<sup>th</sup> discussion, you pointed out that during the consideration any undertaking in which Western is involved, the applicability of specific GPCPs is a matter of negotiation - a point with which I agree. However, I still have serious reservations about the need and/or the advisability of making the transfer of interest provision a part of the GPCPs, rather than invoking the provision on a case-by-case basis should the circumstances justify it.

The fact that you took the time to discuss my concerns is very gratifying and I look forward to a further exchange of thoughts on this important topic.

Very sincerely,

A handwritten signature in dark ink, appearing to read 'Jim', with a long horizontal flourish extending to the right.

JAMES P. BARTLETT

JPB/ms

cc: Joseph W. Mulholland  
Harvey W. Boyce